



DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

*Administrator*  
Washington, DC 20201

DEC 15 2004

Ms. Ann C. Kohier, Director  
Division of Medical Assistance & Health Services  
New Jersey Department of Human Services  
P.O. Box 712  
Trenton, NJ 08625-0712

Dear Ms. Kohier:

We are pleased to inform you of our approval of the State's May 17, 2004, request to amend its Medicaid section 1115 Cash and Counseling demonstration titled "Personal Preference." As requested, the Centers for Medicare & Medicaid Services (CMS) is also granting a 3-year extension of the demonstration in order to accommodate the State's efforts to expand self-direction. Your project number will continue to be 11-W-00118/2, as approved on October 9, 1998. The Personal Preference demonstration amendment is approved as of the date of this letter, through April 30, 2008. This approval is given under authority of section 1115(a) of the Social Security Act (the Act).

The CMS is approving the State's request to eliminate the "control/treatment" group design of the demonstration. This approval will permit New Jersey to provide a cash allowance to all Personal Preference participants and qualified Medicaid eligibles in the State. With the approval of the amendment, New Jersey has also agreed to align its demonstration with the CMS *Independence Plus* initiative. Consequently, CMS has amended the original Special Terms and Conditions (STCs) of approval to include the *Independence Plus* program requirements.

We commend you for your interest in expanding this benefit to all current and prospective demonstration eligibles. This amendment, which will offer self-directed personal care supports and services to a larger population of individuals needing assistance with activities of daily living, continues to show your commitment to this effort.

Our approval of the Personal Preference demonstration amendment (and the Federal matching authority provided for thereunder) is contingent upon the State's agreement with the enclosed STCs. The STCs also set forth in detail the nature, character, and extent of Federal involvement in this project. Implementation approval is further contingent upon the State submitting revisions to the Operational Protocol that reflect all program amendments, as set forth in the STCs. This approval is subject to our receiving your written acceptance of the requirements contained in this letter and the STCs within 30 days of the date of this letter.

- To enable the State to operate the demonstration within an area which does not include all political subdivisions of the State.

- To permit the provision of services under the demonstration that will not otherwise be available under the State plan. Benefits (i.e., amount, duration, and scope) may vary by individual based on assessed need.

- To permit the exclusion of payments received under the Cash and Counseling demonstration from the income and resource limits established under State and Federal law for Medicaid eligibility. Recipients will also be permitted to accumulate cash in a separate account for special (approved) purchases.

- To permit the provision of care by individuals who have not executed a Provider Agreement with the State Medicaid agency.

- To permit payments to be made directly to beneficiaries or their representatives.

- To the extent that prepayment review may not be available for disbursements by individual beneficiaries to their caregivers/providers.

Under the authority of section 1115(a)(2) of the Act, expenditures made by the State of New Jersey under the Cash and Counseling demonstration for the items identified below (which are

not otherwise included as expenditures under section 1903 of the Act) shall, for the period of this project, be regarded as expenditures under the State's title XIX plan.

1. Expenditures for demonstration services provided by members of a recipient's family as caregivers.
2. Expenditures for demonstration services not included as optional State plan services under title XIX; i.e., to provide for counseling and fiscal intermediary (FI) services as a part of the demonstration design.
3. Expenditures for payment of demonstration services prior to service delivery to demonstration recipients. Specifically, payment will be provided to the FI pursuant to recipients' plans of care prior to the delivery of services.

Your project officer is Melissa Harris, who can be reached at (410) 786-3397, or at [MHarris1@cms.hhs.gov](mailto:MHarris1@cms.hhs.gov). Communications regarding program matters and official correspondence concerning the project should be submitted to the project officer at the following address:

Centers for Medicare & Medicaid Services  
Center for Medicaid and State Operations  
Mail Stop: S2-14-26  
7500 Security Boulevard  
Baltimore, MD 21244-1850

Communications regarding program matters should be submitted simultaneously to Ms. Harris and to Ms. Sue Kelly, Associate Regional Administrator in our New York Regional Office. Ms. Kelly's address is:

Centers for Medicare & Medicaid Services  
Division of Medicaid and State Operations  
26 Federal Plaza, Room 3811  
New York, NY 10278-0063

Should you have questions regarding this correspondence, please contact Ms. Gale Arden, Director, Disabled and Elderly Health Programs Group at (410) 786-6810. We extend our congratulations on this amendment and look forward to working with you during the course of the project.

Sincerely,

/s/

Mark B. McClellan, M.D., Ph.D.

Enclosure